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**AUDUBON REGIONAL LIBRARY**  
**CLINTON, LOUISIANA**

**ANNUAL FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2006**

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/15/07

**AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
ANNUAL FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2006**

As management of the Audubon Regional Library (here after referred to as the Library), we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the year ended December 31, 2006. The emphasis of discussions about these statements will be on current year data and should be read in conjunction with the financial report as a whole.

**FINANCIAL HIGHLIGHTS:**

- The Audubon Regional Library went through a period of transition in 2006 with the appointment of an interim director at the end of January 2006. This position remained interim and part-time throughout 2006. But the Library continued to grow and prosper during the year, with an increase in registered patrons (7,110 over 6,537 in 2005, an increase in the size of the collection (57,133 over 53,508, adjusted down to reflect the withdrawal of magazines from the totals of both years) and 63% increase in computer use from 9,644 in 2005 up to 15,209 in 2006. Circulation increased 5% to 48,677 items.
- The Library held a successful summer program in 2006 with artists visiting libraries at all three branches funded by two grants the Library managed. As part of this grant program, the Library reached out to a local school to sponsor the Baton Rouge Ballet at the St. Helena Elementary School. This proved so successful in reaching children that more schools/library artists were planned for the 2007 arts grant cycle.
- The Library received an \$11,250.00 Gates Grant for new public access computers and software, which is used to update computers at all three branches. This brings the total public access computers to 25. The computer use by public, drawn by the high speed Internet and the latest software, continues to climb. The Library also updated children's software and added typing and Spanish language software for adults.
- The Library retained FCC/ERATE funding for its telecommunications costs. The funding covers 90% of the telephone and network costs involved in serving the public in both parishes. In 2006, this was a rebate of \$17,085.60 for network billing and \$7,948.80 for telephone access to cover the 2006-2007 ERATE cycle.
- The Library spent heavily on repairs on the Bookmobile in 2006, but with less than 50,000 miles on a diesel engine felt that this investment allowing continued service with this vehicle was prudent.
- The Library ended the year of 2006 with more than 2/3 of its staff new, reflecting low salaries and limited benefits offered. In 2006, full time staff worked 32 hours a week. This staff continues to offer the communities excellent and dedicated service. The branch managers attended training workshops offered by the Louisiana State Library in children's services, database training and special programming.

**AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2006**

- The Audubon Regional Library has been fortunate during 2006 to receive positive and frequent news coverage of its programs and issues during the year. The Library has reached out to the community with news of its financial condition, activities for children and adults, and encouraged openness in all of its dealings with the public. The support the Library has received from these public relations endeavors has enabled the regional system to remain and serve.
- The Audubon Regional Library Board voted to increase its regular meetings to 6 a year, (from 4) in 2006. The Board is involved and informed, and works with the Director and Staff to provide the best possible library service to the citizens of East Feliciana and St. Helena parishes.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The annual report consists of four parts - management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplemental information. The basic financial statements include two kinds of statements that present different views of the Library:

- The first two statements on pages 11 and 12 are government-wide financial statements that provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances.
- The remaining statements starting on page 13 are fixed financial statements that focus on individual parts of the Library's government, reporting the Library's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services, such as library services, were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide additional detailed data. The notes are followed by a section of required supplementary information that further explains and supports the information in the financial statements as well as providing budgetary comparison data. The last section of the report contains additional supplemental information regarding the governmental fund-general fund. The rest of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

**Government-wide Statements**

The government-wide statements report information about the Library as a whole using the accrual basis of accounting, which is similar to that which is used by private sector companies. The statement of net assets on page 11 includes all of the Library's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statements of activities on page 12, regardless of when cash is received or paid.

**AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2006**

These two statements report the Library's net assets and changes in them. Net assets - the difference between the Library's assets and liabilities - is one way to measure the Library's financial health, or financial position. Over time, increases and decreases in the Library's net assets are one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors will also need to be considered to assess the overall health of the Library.

The government-wide financial statements of the Library, reports only one type of activity - governmental activities. All of the Library's basic services are included here, such as library services and general administration.

**Fund Financial Statements**

The fixed financial statements, beginning on page 13, provide more detail about the Library's most significant funds - not the Library as a whole. State laws require the establishment of some funds. Funds are accounting devices that the Library used to keep track of specific sources of funding and spending for particular purposes.

The Library used only the governmental type of fund with the following accounting approach. Most of the Library's basic services are included in governmental funds, which focus on how cash and other financial assets that can be readily converted to cash flow in and out of those funds, and the balances left at year-end that are available for spending. Those funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements therefore provide a detailed short-term view of the Library's general government operations and the basic services it provides, and helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Library's programs. Since this information does not include the additional long-term focus of government-wide statements, we provide reconciliations on the subsequent pages that explain the relationship (or difference) between the two different type statements

**AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2006**

**FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE**

Net assets. The Library's combined net assets increased \$9,145 between fiscal years 2005 and 2006. (See Table 1 below)

**Table 1  
Library's Net Assets**

	Governmental Activities <u>2005</u>	Governmental Activities <u>2006</u>
Current and other assets	\$ 488,432	\$ 548,855
Capital assets, net	<u>557,584</u>	<u>495,347</u>
Total assets	\$ 1,046,016	\$ 1,044,202
Current liabilities	28,177	17,218
Noncurrent liabilities	<u>0</u>	<u>0</u>
Total liabilities	\$ <u>28,177</u>	\$ <u>17,218</u>
Net assets:		
Invested in capital assets, net of depreciation	557,584	495,347
Restricted	2,601	2,601
Unrestricted	<u>457,654</u>	<u>529,036</u>
Total net assets	<u>\$ 1,017,839</u>	<u>\$1,026,984</u>

Approximately 75 percent of the Library's revenue comes from a general property tax assessed on the property owners in each parish.

The total cost of all programs and services increased only slightly from the prior year.. The Library's expenses cover all services, which it offers to the public.

**AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2006**

**Governmental Activities**

**Table 2  
Changes in Library's Net Assets**

	Governmental Activities <u>2006</u>
Revenues	
Program Revenues	
Charges for services	\$ 7,876
State and local grants and donations	15,549
Other Revenues	<u>362,075</u>
Total revenues	\$ 385,500
Expenses	
General governmental	<u>376,355</u>
Total expenses	<u>\$ 376,355</u>
Increase in net assets	<u>\$ 9,145</u>

**Table 3  
Net Cost of Library's Governmental Activities**

	Net Cost of Services <u>2006</u>
Library Services	<u>\$ (376,355)</u>

**FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS**

As the Library completed the year, its governmental funds reported a combined fund balance of \$531,637, reflecting an increase over the prior year. All, but \$2,601 of this fund balance is unrestricted and undesignated.

**General Fund Budgetary Highlights**

During the year, the library operated well within its budget and found no need to amend it. Both revenues and expenditures were in favorable positions due to constant oversight and monitoring procedures.



**AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2006**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of the year, the Library had invested \$495,347 in capital assets. (See Table 4).

**Table 4  
Library's Capital Assets  
(net of accumulated depreciation)**

	Governmental Activities 2006
Vehicles	\$ 51,544
Furniture and equipment	121,289
Books and periodicals	<u>322,514</u>
Total	<u>\$ 495,347</u>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Approximately 75 percent of the Library's revenues are derived from an ad valorem tax on the voters of the parish. The Parish Police Juries must approve the Library's millage rates for collection of the ad valorem taxes each year. The economy is not expected to generate any significant growth in assessment values. Neither library fees nor grant income is expected to increase; therefore, future revenues are expected to remain consistent with the current year. The budget for the year 2007 should approximated the same as the year's 2006 budget.

**CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT**

The financial report is designed to provide our parishioners, taxpayers, investors and creditors with a general overview of the Library's financial and to demonstrate the Library's accountability for the money it receives. If you have questions about this report or need additional information, contact Mrs. Mary B. Lindsey, Director, P. O. Box 8389, Clinton, Louisiana 70722.

## **INDEPENDENT AUDITOR'S REPORT**

# **W. RANDALL PEAY, LTD.**

**(A Professional Accounting Corporation)**

**W. RANDALL PEAY**  
**CERTIFIED PUBLIC ACCOUNTANT**

**POST OFFICE BOX 8344**  
**CLINTON, LOUISIANA 70722**  
**(225) 683-9515**

Member:  
American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants

## **Independent Auditor's Report**

Board of Commissioners  
Audubon Regional Library  
Clinton, Louisiana

I have audited the accompanying basic financial statements of the Audubon Regional Library, as of and for the year ended December 31, 2006. These basic financial statements are the responsibility of the Audubon Regional Library. My responsibility is to express an opinion on these basic financial statements based on my audit.

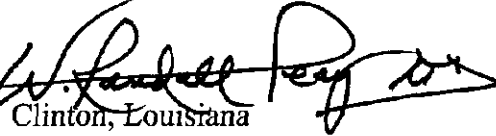
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. I believe my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Audubon Regional Library, as of December 31, 2006, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America..

In accordance with Government Auditing Standards, I have also issued a report dated June 15, 2007, on my consideration of the Audubon Regional Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information as listed in the foregoing table of contents, are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The accompanying supplemental information schedules and other information as listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Audubon Regional Library. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "W. Randall Perry". The signature is fluid and cursive, with a long horizontal stroke at the end.

Clinton, Louisiana

June 15, 2007

# **W. RANDALL PEAY, LTD.**

**(A Professional Accounting Corporation)**

**W. RANDALL PEAY**  
**CERTIFIED PUBLIC ACCOUNTANT**

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Society of Louisiana Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
Audubon Regional Library  
Clinton, Louisiana

I have audited the financial statements of the Audubon Regional Library, as of and for the year ended December 31, 2006, and have issued my report thereon dated June 15, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the District Attorney of the Twentieth Judicial District, Parishes of East and West Feliciana, State of Louisiana's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Audubon Regional Library's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the District Attorney of the Twentieth Judicial District's management, others within the entity, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

*W. Randall Frey*  
Clinton, Louisiana  
June 15, 2007

## BASIC FINANCIAL STATEMENTS

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA

Statement of Net Assets  
December 31, 2006

	Governmental Activities
<u>ASSETS</u>	
Cash and cash equivalents	\$166,723
Investments	16,785
Taxes receivable	291,017
Revenue sharing	46,962
Prepaid expenses	19,665
Capital assets, net of depreciation	495,347
Receivables - other	7,703
	<hr/>
Total Assets	<u>1,044,202</u>
 <u>LIABILITIES</u>	
Accounts payable and accrued expenses	<u>17,218</u>
	<hr/>
Total Liabilities	<u>17,218</u>
 <u>NET ASSETS</u>	
Invested in capital assets	495,347
Restricted - Bookmobile	2,601
Unrestricted	529,036
	<hr/>
Total net assets	<u>\$1,026,984</u>

The accompanying notes are an integral part of this statement



AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
Statement of Activities  
For the Year Ended December 31, 2006

FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expenses) Revenue
Governmental activities:				
General government-Library services	\$376,355	\$7,876	\$15,549	<u>(\$352,930)</u>
Total governmental activities:				(352,930)
General revenues:				
Property Taxes-levied for general purposes				291,017
State revenue sharing				46,962
Grant - State aid				15,163
Unrestricted investment earnings				<u>8,933</u>
Total general revenues				<u>362,075</u>
Change in net assets				9,145
Net assets - beginning of year Restated				<u>1,017,839</u>
Net assets - end of the year				<u><u>\$1,026,984</u></u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2006

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTAL</u>
	<u>GENERAL</u>	<u>SPECIAL</u>	<u>(MEMORADUM)</u>
	<u>FUND</u>	<u>REVENUE</u>	<u>(ONLY)</u>
		<u>FUND</u>	
<u>ASSETS</u>			
Cash and Cash Equivalents	\$166,723		\$166,723
Investments, at amortized cost	14,488	\$2,296	16,784
Receivables	345,682		345,682
Prepaid Expenses	19,665		19,665
Total assets	<u>546,558</u>	<u>2,296</u>	<u>548,854</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts payable & accrued liabilities	6,417		6,417
Intergovernmental payable	10,801		10,801
Total liabilities	<u>17,218</u>	<u>0</u>	<u>17,218</u>
<u>FUND BALANCE</u>			
Fund balance-reserved for bookmobile	2,601		2,601
Fund balance-unreserved, undesignated	526,739	2,296	529,035
Total Fund Balances	<u>529,340</u>	<u>2,296</u>	<u>531,636</u>
Total liabilities and Fund Balance	<u>\$546,558</u>	<u>\$2,296</u>	<u>\$548,854</u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA

Reconciliation of the Balance Sheet-Governmental Funds  
to the Statement of Net Assets

For the Year Ended December 31, 2006

Total fund balance - governmental funds	\$548,854
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Amounts reported for governmental activities in the statement  
of net assets are different because:

Capital assets used in governmental activities are not current  
financial resources and, therefore, are not reported in the  
Balance sheet - governmental funds.

478,130
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Total net assets of governmental activities	<u>\$1,026,984</u>
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The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
STATEMENT OF REVENUES  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2006

	GENERAL FUND	SPECIAL REVENUE FUNDS	TOTAL (MEMORADUM) (ONLY)
<u>REVENUES</u>			
Ad valorem taxes	\$291,017		\$291,017
Intergovernmental revenues			
State revenue sharing	46,962		46,962
State grants	15,163		15,163
Local grants	13,954		13,954
Interest earnings	8,872	61	8,933
Fees and charges for			
library services	5,382		5,382
Fines and forfeitures	1,470		1,470
Donations and gifts	1,596		1,596
Miscellaneous	1,023		1,023
	<u>385,439</u>	<u>61</u>	<u>385,500</u>
<u>Total revenues</u>			
<u>EXPENDITURES</u>			
Salaries and related			
benefits	190,346		190,346
Insurance	7,799		7,799
Intergovernmental	10,801		10,801
Professional services	6,721		6,721
Rents	14,079		14,079
Telephone and utilities	11,052		11,052
Grant expense	19,471		19,471
Repairs and maintenance	14,195		14,195
Materials and supplies	20,033		20,033
Travel	1,596		1,596
Capital outlay	18,570		18,570
	<u>314,663</u>	<u>0</u>	<u>314,663</u>
<u>Total Expenditures</u>			

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
STATEMENT OF REVENUES  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2006  
(Continued)

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>TOTAL (MEMORADUM) (ONLY)</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>\$70,776</u>	<u>\$61</u>	<u>\$70,837</u>
<u>FUND BALANCES AT BEGINNING OF YEAR (Restated)</u>	<u>458,019</u>	<u>2,236</u>	<u>460,255</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u><u>\$528,795</u></u>	<u><u>\$2,297</u></u>	<u><u>\$531,092</u></u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2006

Net change in fund balances - total governmental funds	\$70,837
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Amounts reported for governmental activities in the statement of activities are  
different because:

Governmental funds report capital outlays as expenditures. However, in the  
statement of activities the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expenses. This is the amount which  
depreciation exceeded capital outlays in the current period.

Depreciation expense	(80,262)
Capital outlays	<u>18,570</u>

Change in net assets of governmental activities	<u><u>\$9,145</u></u>
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The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006

INTRODUCTION

The Audubon Regional Library was established in 1963, as authorized by Louisiana Revised Statute 25:217, through the cooperative efforts of the police juries of St. Helena and East Feliciana Parishes. The Library provides citizens of these parishes access to library materials, books, magazines, records and films. The Library is governed by a board of commissioners consisting of eight members, three appointed from each parish by their police jury, and two who are the police jury presidents for each parish who serve as ex-officio members. Terms for appointed members are for five years, and members serve without pay. Libraries located in Clinton, Greensburg and Jackson, are supported by property tax assessments in both parishes.

Note #1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Basis of Presentation

The accompanying basic financial statements of the Audubon Regional Library have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, Basic Financial Statements and Management's Discussion and Analysis - for State and Local Government, issued in June 1999.

B. Reporting Entity

Governmental Accounting Standards Board No. 14 established criteria for determining which component units should be considered part of the police jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006  
(Continued)

- a. The ability of the police jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
  3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The Audubon Regional Library is considered a joint venture of the participating police juries, and therefore, issues fund financial statements separate from the police juries. The accompanying basic financial statements present information only on the funds maintained by the library.

C. Fund Accounting

The library uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain library functions and activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the library are classified as governmental funds. Governmental funds account for the library's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds of the library include:



AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006  
(Continued)

Governmental Funds

Governmental funds account for all or most of the library's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The differences between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the library. The following are the library's governmental funds:

General fund - the primary operating fund of the library. It accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transacted in accordance with state and federal laws and according to the library policy.

Special Revenue Funds

The special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

D. Measurement Focus/Basis of Accounting

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the library as a whole. These statements include all the financial activities of the library. Information contained in these statements reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when each is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement no. 33, Accounting and Financial Reporting for Nonexchange Transactions.

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006  
(Continued)

D. Measurement Focus/Basis of Accounting (continued)

Program Revenues - Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from library users as a fee for services; program revenues reduce the cost of the function to be financed from the library's general revenues.

Fund Financial Statements (FFS)

The amounts reflected in the General Fund of the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e. revenues and other financing sources) and used (i.e. expenditures and other funding uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the library's operations (See the reconciliation statements).

The amounts reflected in the General Fund in the FFS use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectable within the current period or soon enough thereafter to pay liabilities of the current period. The library considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006  
(Continued)

D. Measurement Focus/Basis of Accounting (continued)

Revenues

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on December 31. Taxes are generally collected in December of the current year end and January and February of the following year.

Where grant revenue is dependent upon expenditures by the Library, revenue is recognized when the related expenditures are incurred.

Interest income on time deposits (certificates of deposit) is recorded when earned.

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for accumulated vacation leave, which is not accrued.

Other Financing Sources (Uses)

Transfers between funds, which are not expected to be repaid, are accounted for as other financing sources (uses) and are recorded when incurred.

E. Budgets

The director directs the preparation of a proposed budget annually and submits it the Board for adoption.

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006  
(Continued)

E. Budgets (continued)

A summary of the proposed budget, along with the public hearing, details the availability of the proposed budget for public inspection, are advertised in the official journals of East Feliciana and St. Helena Parishes at least ten days prior to the date of the public hearing. After the public hearing is held, the budget is formally adopted at a regular board meeting. A summary of the adopted budget is published in the official journal.

Formal budget integration is employed as a management control device during the year.

Budgetary amendments require the approval of the board.  
All budgetary appropriations lapse at the end of the year.

Budgetary amounts included in the accompanying financial statements reflect the original adopted budget and all budget amendments.

F. Encumbrances

The library does not use encumbrance accounting..

G. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing deposits, and time deposits.. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the library may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

H. Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the library's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006  
(Continued)

I. Prepaid Expenses

Prepaid expenses are comprised of payments made for cost that will benefit periods beyond December 31, 2006.

J.. Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost if historical cost is not available. Donated assets are recorded at their estimated fair market value at the date of donation. The library maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives.

Equipment & Furniture	5 - 7 years
Vehicles	10 years
Library collections	5 - 7 years

K. Bad Debts

Uncollectible amounts due for ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectability of the particular receivable.

L. Compensated Absences

Staff members who work 32 hours or more per week are considered full time. After having been employed 6 months and having satisfactorily completed the 6 month probationary period, employees will earn annual and sick leave as follows:

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006  
(Continued)

I. Compensated Absences (continued)

6 months through 4 years:

One work day per month

5 through 9 years:

1.5 work days per month

10 years and over

2 work days per month

12 days of unused annual leave may be carried over.

All unused sick leave may be carried over.

Employees will be compensated for unused annual leave upon termination.

M. Restricted Net Assets

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

- a. externally imposed by creditors (such as debt covenants), grants, contributors, or laws or regulations of other governments; and
- b. imposed by law through constitutional provisions or enabling legislation.

N. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

O. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006  
(Continued)

Note #2      CASH AND CASH EQUIVALENTS

These deposits are stated at cost which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount of deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2006 the library has cash and cash equivalents (book balances) totaling \$166,722. This total is comprised of \$110 cash on hand and \$166,612 in interest-bearing demand deposits.

Note #3      INVESTMENTS

At December 31, 2006, investments are comprised of time certificates of deposit in the amount of \$16,785.

Investments are limited by law and the library's investment policies. The investments in time certificates of deposit is secured from risk by federal depositary insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category3).

At December 31, 2006, the investment's amortized cost and the market value are \$16,785.

Note #4      RECEIVABLES

The following is a summary of receivables at December 31, 2006:

Ad valorem taxes	\$ 291,017
State revenue sharing	46,962
ERATE reimbursement	<u>7,703</u>
Total	<u>\$ 345,682</u>

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006  
(Continued)

Note #5      CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2006 is as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>Dec. 31, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2006</u>
Vehicles	\$121,264	\$ 0	\$ 0	\$121,264
Furniture & Equipment	\$214,600	0	0	\$214,600
Library Collection	<u>408,353</u>	<u>18,570</u>	<u>0</u>	<u>426,923</u>
Total	<u>\$ 744,217</u>	<u>\$18,570</u>	<u>\$ 0</u>	<u>\$762,787</u>
Less accumulated depreciation:				
Vehicles	57,594	12,126	-0-	69,720
Furniture & Equipment	61,110	32,201	-0-	93,311
Library Collection	<u>67,929</u>	<u>36,480</u>	<u>-0-</u>	<u>104,409</u>
Total	<u>\$186,633</u>	<u>\$80,807</u>	<u>-0-</u>	<u>\$267,440</u>

During 2006, the library purchased \$30,830 of capital outlay expenditures. A total of \$12,261 was the purchase of annual periodicals, computer software, and items costing less than \$500 and not considered as additions to the general fund assets account group.



AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006  
(Continued)

Note #6

PENSION PLAN

Substantially all employees of the library are members of the Parochial Employees Retirement System of Louisiana, a multiple-employer, public employee retirement system, controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the library are members of Plan B. Contributions of participating agencies are pooled within the system to fund accrued benefits, with contribution rates approved by the Louisiana Legislature.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds are eligible to participate in the System. Under Plan B, employees who retire at or after age 62 with at least 10 years of creditable service or at or after age 55 with at least 30 years of creditable services are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62. The system issues stands alone financial statements that may be obtained at Parochial Employees' Retirement System, P. O. Box 14619, Baton Rouge, Louisiana 70898.

Members are required to contribute 3.0% of their annual covered salary and the library is required to contribute 5.25% of annual covered payroll. The library contributed \$614 during 2006 as its share of employees contributions. The Library does not guarantee the benefits granted by the retirement system.

Note #7

LEASES

The library is committed under a lease for building and office space. This lease is considered for accounting purposes to be an operating lease. Lease expenditures for the year ended December 31, 2006, amounted to \$9,600.

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006  
(continued)

Note #7      LEASES (continued)

Future minimum lease payments for this lease is as follows:

<u>Year</u> <u>Ending</u>	<u>Amount</u>
2007	\$5,400
2008	5,400
2009	5,400
2010	5,400
2011	4,950

The library has no capital leases.

Note #8      LITIGATION AND CLAIMS

The library is not involved in litigation at December 31, 2006.

Note #9      LEVIED TAXES

The following is a summary of levied ad valorem taxes for 2006.

Parish wide maintenance tax

East Feliciana	2.50
St. Helena	2.50

Note #10      BOARD MEMBERS PER DIEM

The board members are not paid per diem nor compensation for their service.

Note #11      RELATED PARTY TRANSACTIONS

There are no related party transactions that require disclosure.

Note #12      RISK MANAGEMENT

The Audubon Regional Library is exposed to various risks of loss including injuries to workers, criminal or property damage, theft and other possible related claims. The library purchases commercial insurance to minimize this risk of loss from these types of occurrences. There was no significant reductions in insurance coverage from the prior year.

Note #13      SUBSEQUENT EVENTS

No material events have occurred since the balance sheet date of December 31, 2006.

## SPECIAL REVENUE FUNDS

### Sarah T. Jones Memorial Fund

Sarah T. Jones Memorial Fund accounts for funds donated to the library by friends of Sarah T. Jones. These funds are to be used exclusively for the purchase of furniture and equipment for the library.

### Judge William T. Bennett Memorial Fund

The Judge William T. Bennett Memorial Funds accounts for funds donated to the library by friends of Judge William T. Bennett. These funds are to be used for furnishings, decorations or equipment for the library.

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
SPECIAL REVENUE FUNDS  
BALANCE SHEET  
DECEMBER 31, 2006

	SARAH T. JONES MEMORIAL FUND	JUDGE WILLIAM T. BENNETT MEMORIAL FUND	TOTAL (MEMORANDUM ONLY)
<u>ASSETS AND OTHER DEBITS</u>			
Assets			
Investments, or authorized cost	<u>\$1,358</u>	<u>\$938</u>	<u>\$2,296</u>
<u>Total Assets</u>	<u>1,358</u>	<u>938</u>	<u>2,296</u>
 LIABILITIES, EQUITY AND OTHER EQUITY			
EQUITY AND OTHER CREDITS			
Fund balance - Unreserved, undesignated	<u><u>\$1,358</u></u>	<u><u>\$938</u></u>	<u><u>2,296</u></u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
SPECIAL REVENUE FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
DECEMBER 31, 2006

	SARAH T. JONES MEMORIAL FUND	JUDGE WILLIAM T. BENNETT MEMORIAL FUND	TOTAL (MEMORANDUM ONLY)
<u>REVENUES</u>			
Interest earnings	\$36	\$24	\$60
<u>Total Revenues</u>	<u>36</u>	<u>24</u>	<u>60</u>
<u>EXPENDITURES</u>			
Travel	0	0	0
<u>Total Expenditures</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	<u>36</u>	<u>24</u>	<u>60</u>
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>1,322</u>	<u>914</u>	<u>2,236</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>1,358</u>	<u>938</u>	<u>2,296</u>

The accompanying notes are an integral part of this statement

## REQUIRED SUPPLEMENTARY INFORMATION

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
COMBINED STATEMENT OF REVENUES  
EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2006

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<b><u>REVENUES</u></b>			
Ad valorem taxes	\$249,540	\$291,017	\$41,477
State revenue sharing	46,000	46,962	962
State grants	15,000	15,163	163
Local grants	6,000	13,954	7,954
Interest earnings	7,060	8,933	1,873
Fees and charges for library services	5,600	5,382	(218)
Fines and forfeitures	1,200	1,470	270
Donations and gifts	2,125	1,596	(529)
Miscellaneous	580	1,023	443
<b><u>Total revenues</u></b>	<b><u>333,105</u></b>	<b><u>385,500</u></b>	<b><u>52,395</u></b>
<b><u>EXPENDITURES</u></b>			
Salaries and related benefits	210,311	190,346	19,965
Professional services	7,500	6,721	779
Insurance	8,950	7,799	1,151
Materials and supplies	22,900	20,033	2,867
Repairs and maintenance	15,000	14,195	805
Telephone and utilities	16,200	11,052	5,148
Rents	13,600	14,079	(479)
Intergovernmental	10,801	10,801	0
Travel	1,500	1,596	(96)
Capital outlay	24,000	18,570	5,430
Grant expense	6,000	19,471	(13,471)
<b><u>Total Expenditures</u></b>	<b><u>336,762</u></b>	<b><u>314,663</u></b>	<b><u>22,099</u></b>

The accompanying notes are an intergral part of this statement



AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
COMBINED STATEMENT OF REVENUES  
EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2006

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
NET CHANGE IN FUND BALANCES	<u>(3,657)</u>	<u>70,837</u>	<u>67,180</u>
FUND BALANCE AT BEGINNING OF YEAR (Restated)		<u>460,255</u>	
FUND BALANCE AT END OF YEAR		<u>\$531,092</u>	

The accompanying notes are an integral part of this statement

## **SUPPLEMENTAL INFORMATION**

**AUDUBON REGIONAL LIBRARY**  
**CLINTON, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**As of and for the Year Ended December 31, 2006**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness (es) identified? \_\_\_\_\_ Yes   x   No

Reportable condition (s) identified not  
considered to be material weaknesses? \_\_\_\_\_ Yes   x   No None reported

Noncompliance material to financial statements  
noted? \_\_\_\_\_ Yes   x   No

**SECTION II - FINANCIAL STATEMENT FINDINGS**

There were no financial statement findings

**AUDUBON REGIONAL LIBRARY**  
**CLINTON, LOUISIANA**

**Summary Schedule of Prior Audit Findings**  
**For the Year Ended December 31, 2006**

<b><u>REF. NO.</u></b>	<b>Fiscal Year</b>	<b>Description of Finding</b>	<b>Corrective</b>	<b>Planned Corrective</b>	<b>Additional Explanation</b>
	<b>Finding Initially Occurred</b>		<b>Action Taken (Yes,No,Partially)</b>	<b>Actions/Partial Corrective Action Taken</b>	

**Section I - Internal Control and Compliance Material to the Financial Statements:**

**There were no prior year audit findings.**

**Section II - Internal Control and Compliance Material to Federal Awards:**

**Not applicable.**

**Section III - Management Letter:**

**AUDUBON REGIONAL LIBRARY**  
**CLINTON, LOUISIANA**

**Corrective Action Plan for  
Current Year Audit Findings  
For The Year Ended December 31, 2006**

<b><u>REF. NO.</u></b>	<b><u>Description of Finding</u></b>	<b><u>Corrective Action Planned</u></b>	<b><u>Name of Contact Person</u></b>	<b><u>Anticipated Completion Date</u></b>
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**Section I - Internal Control and Compliance Material to the Financial Statements:**

**There were no current year audit findings.**

**Section II - Internal Control and Compliance Material to Federal Awards:**

**Not applicable.**

**Section III - Management Letter:**